GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1261
ANSWERED ON:03.03.2015
PRICES OF FERTILIZERS .
Adhikari Shri Sisir Kumar;Bhatt Smt.Ranjanben;Dwivedi Shri Harish;Jadhav Shri Sanjay Haribhau;Kachhadia Shri Naranbhai;P. Shri Nagarajan;Pandey Shri Ravindra Kumar;Paraste Shri Dalpat Singh;Ranjan Smt. Ranjeet;Sawant Shri Arvind Ganpat;Tumane Shri Krupal Balaji

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the prices of fertilizers are on the rise in the country in the recent past and if so. the details thereof and the reasons therefor and the steps taken to control/reduce the prices of fertilizers during each of the last three years and the current year, fertilizer and State/UT-wise:

(b) the impact of rise in prices on farmers and the existing mechanism put in place to monitor the control, movement of prices of fertilizers in the country

(c) whether the Government proposes to reduce/waive off the subsidy given on fertilizers and if so. the reasons therefor, fertilizer-wise,

(d) the details of complaints received/cases reported regarding black marketing of fertilizes in the country along with the actions/steps taken to check/stop the said menace and to provide fertilizers to farmers at subsidized rates during the said period, State/UT-wise: and

(e) whether the Government proposes to deregulate urea and remove import duty thereon, if so. the reasons therefor and extent to which prices of urea are likely to be affected as a result thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI HANSRAJ GANGARAM AHIR)

(a) & (b) Urea is being provided to farmers at a statutory price of Rs.5360 per WIT (excluding taxes) to farmers since November 2012 As regards Phosphatic and Potassic (P&K) fertilizers, the average prices reported by fertilizer companies in the Fertilizer Monitoring System during the last one year show that the prices remained more or less stable with slight intermittent increase/decrease in few grades. The mechanism put in place since the last three years to control prices is as under:

i. Under the Fertilizer Control Order (FCO), the fertilizers companies are required to pnnt the Maximum Retail Price (MRP) on each bag of fertilizer. No fertilizer company or dealer is supposed to sell or offer for sale any fertilizers at a price exceeding printed MRP. Violation of this is punishable under Essential Commodities Act. The State Governments are adequately empowered to take preventive/punitive actions for violation of any of the provisions of Fertilizer Control Order (FCO) 1985 under Essential Commodities Act 1955. Overcharging is violation of EC Act.

ii. It has been made mandatory for the fertilizer companies to submit alongwith their subsidy claims, the cost data of their fertilizer products from 2012-13 onwards in prescribed format on six monthly basis. The Department has also appointed Cost Accountants/ Firms to scrutinise the said cost data to ensure that the prices fixed by the fertilizer companies are reasonable

iii. It has also been stipulated in the provisions that in cases, where after scrutiny, unreasonableness of MRP is established or where there is no correlation between the cost of production or acquisition and the MRP printed on the bags, the subsidy would be restricted or denied even if the product is otherwise eligible for subsidy under NBS Scheme. In proven case of abuse of subsidy mechanism, the Department of Fertilizers, on the recommendation of Inter Ministerial Committee may exclude any grade/grades of fertilizers of a particular company or the fertilizer company itself from the NBS Scheme

(c). At present there is no such proposal to reduce subsidy given on the P&K fertilizers.

(d): The distribution of fertilizers to the farmers within the State at fair price is the responsibility of the concerned State Government. State Governments are adequately empowered to conduct search, make seizers and take punitive action against any person violating provisions of FCO, 1985 and Essential Commodity Act. 1955. In addition, Department of Fertilizers has, from time to time, written to the Chief Secretaries, Ministry of Home Affairs to activate the enforcement agencies under their jurisdiction to take action in this regard. Further, Department of Fertilizers,through weekly video conference with Department of Agriculture & Cooperation and representatives of State Government has been sensitizing and advising the State Governments for keeping strict vigil and for taking of prompt action by the State Governments to check black -marketing, diversion, smuggling and breach of MRP etc. and there is no report from any State Government/UTs during this year so far.

Regarding distribution of fertilizers throughout the country upto State level, it is stated that the month-wise demand is assessed and projected by the Department of Agriculture & Co-operation (DAC) in consultation with the State Governments before commencement of each cropping season. On the basis of month-wise & state-wise projection given by DAC, Department of Fertilizers allocates sufficient/adequate quantities of fertilizers to States by issuing monthly supply plan and continuously monitors the availability through following system.

(i) The movement of all major subsidized fertilizers is being monitored throughout the country by an on-line web based monitoring system (www.urvarak.co.in) also called as Fertilizer Monitoring System (FMS);

(ii) The State Governments are regularly advised to coordinate with manufacturers and importers of fertilizers for streamlining the supplies through timely placement of indents for railway rakes through their state institutional agencies like Markfed etc.

(iii) Regular Weekly Video Conference is conducted jointly by Department of Agriculture & Cooperation (DAC), Department of Fertilizers (DoF), and Ministry of Railways with State Agriculture Officials and corrective actions are taken to dispatch fertilizer as indicated by the State Government.

(iv) The gap in the demand and domestic production of fertilizer is met through imports.

(e): At present there is no proposal to deregulate urea. However, a request of the Fertilizer Industry for removal of import duty on finished fertilizers has been forwarded to Ministry of Finance for consideration.